

Message Text

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PAGE 01 STATE 217906

16

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DRAFTED BY:XMB:GWBOGDANOFF/MAW

APPROVED BY/EB/IFD/ODF:FRANK H THOMAS

XMB:JDBIERMAN

EA/ROC HENRY ENGLEBRECHT(INFO)

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FM SECSTATE WASHDC

TO AMCONSUL HONG KONG

INFO AMEMBASSY TAIPEI

UNCLAS STATE 217906

E. O. 11652: N/A

TAGS: EFIN, HK

SUBJECT: VISIT OF EXIMBANK TEAM TO HONG KONG/TAIPEI

1. EXIMBANK'S GEORGE W BOGDANOFF, VICE PRESIDENT, CLAIMS, FRED H. MASSEY, JR COUNSEL AND FRANCIS E WILSON, LOAN OFFICER, SCHEDULED ARRIVE HONG KONG OCTOBER 5, PANAM FLIGHT 843 AND EXPECT PROCEED TO TAIPEI ON OR ABOUT OCTOBER 12.

2. PURPOSE OF VIST TO CONSULT WITH HONG KONG & SHANGHAI BANKING CORPORATION (HK & S), JOHN D HUTCHISON & CO. (INDONESIA) LTD. (HUTCHISON), HUTCHISON INTERNATIONAL LTD. (HILL), BANK OF AMERICA AND LO & LO, SOLICITORS, IN CONNECTION WITH FCIA EXPORT CREDIT INSURANCE POLICY UNDER WHICH EXIMBANK HAS CONTINGENT LIABILITY OF APPROXIMATELY US \$3.6MM OF APPROXIMATELY US \$4 MM OUTSTANDING DEBT OF HUTCHISON TO ALLIS-CHALMERS, GUARANTEED BY HIL. HOLDER OF THESE OBLIGATIONS IS BANK OF AMERICA INTERNATIONAL OF CHICAGO, WHO ALSO HOLD APPROXIMATELY US\$1 MM OBLIGATIONS NOT INSURED. OF INSURED DEBT APPROXIMATELY US\$1.4MM IS UNCLASSIFIED

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PAGE 02 STATE 217906

PAST DUE, US\$700,000 SINCE FEBRUARY 1975.

3. BANK OF AMERICA, THROUGH LO & LO, MADE DEMAND ON HIL AND HUTCHISON FOR THE OUTSTANDING DEBTS BOTH INSURED AND UNINSURED WITH NEGATIVE RESULTS. LATEST DEVELOPMENTS ARE THAT ON 9/4/75 HIL SHAREHOLDERS ACCEPTED HK & S OFFER TO INJECT HK\$150 MM INTO THE COMPANY AND THAT MR BILL WYLLIE OF CHINA ENGINEERS HAS BEEN NAMED CHIEF EXECUTIVE AND DEPUTY CHAIRMAN OF HIL. EXIMBANK/BANK OF AMERICA ARE INQUIRING BY TELEX AS TO INTENTIONS OF HK/S, HUTCHISON AND HIL FOLLOWING THESE DEVELOPMENTS.

PLEASE ARRANGE MEETINGS WITH APPROPRIATE OFFICIALS OF NAMED PARTIES PREFERABLY IN FOLLOWING ORDER:

A) BANK OF AMERICA-ROLF F.H. BOLT
B) LO & LO
C) HK & S-J L BOYER-GENERAL MANAGER
D) HUTCHISON/HIL-

AND, IF POSSIBLE, OBTAIN CURRENT FINANCIAL DATA AS WELL AS AN INDICATION OF NEW MANAGEMENT'S INTENTIONS VIS-A-VIS CREDITORS, PARTICULARLY WITH RESPECT TO OVERDUE ACCOUNTS.

4. EXIMBANK MAY NEED TO RETAIN HONG KONG LAWYERS IN THIS MATTER.

WOULD APPRECIATE YOUR VERIFYING TH QUALIFICATIONS OF A) A SOLICITOR BY THE NAME OF ZIMMER, WHOSE ADDRESS WE CANNOT PROVIDE AND B) THE FIRM OF PETER MO AND COMPANY LOCATED AT BANK OF CANTON BUILDING, 6 DES VOEUX ROAD CENTRAL, H.K. PLEASE ASCERTAIN LAWYERS' CAPABILITIES IN AREAS OF CORPORATE, COMMERCIAL AND BANKRUPTCY LAW. ALSO CHECK ON FIRMS' BANKRUPTCY LITIGATION EXPERIENCE. PLEASE ADVISE BY SEPTEMBER 19, IF POSSIBLE, IN CASE WE NEED TO CONTACT LAWYER PRIOR TO OUR ARRIVAL IN HONG KONG.

5. WOULD APPRECIATE EMBASSY MAKING RESERVATIONS FOR THREE SINGLE ROOMS AT PENNINSULA HOTEL AT EMBASSY RATES.

6 SEPARATE MESSAGE TO AMEMBASSY TAIPEI WITH DETAILS WILL FOLLOW. KISSINGER

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